

**STATE OF MAINE  
PUBLIC UTILITIES COMMISSION**

**Docket 2003-105**

**CONSUMERS MAINE WATER COMPANY**

**Re: Proposed Increase in Rates for its  
Freeport Division**

**“STEP ONE” STIPULATION**

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It is understood and agreed by and between Consumers Maine Water Company (“Company”), the Office of Public Advocate, the Town of Freeport and the Freeport Water District as follows:

**I. Purpose**

It is the purpose of this Stipulation Agreement to settle all the issues with respect to Step One of this proceeding, to eliminate the need to hold a hearing and to expedite the Public Utilities Commission’s consideration and resolution of this proceeding. The provisions agreed to herein have been reached as a result of information gathered through the discovery process and through discussions and negotiations with the Company.

**II. Procedural History**

On February 14, 2003, Consumers Maine Water Company filed an application for a rate increase, requesting an overall increase in annual revenue for the Freeport Division of \$139,768, which represented a 25.65% increase over pro forma present Freeport revenue of \$544,995. The Company requested the increase in two steps. Step One of the increase was proposed as a \$50,536 increase in revenue, or an increase of 9.27%. Step Two of the increase was proposed as an \$89,232 increase in revenue, or a 16.37% increase. The Company proposes that Step Two of the increase be effective once the second Webster Road well goes into service as anticipated in the summer of 2003. The Company’s application for a rate increase was filed using a 2002 actual test year. The Public Advocate, the Town of Freeport, and the Freeport Water District intervened in the proceeding.

### **III     Stipulation Provisions**

1.     It is agreed that the record on which the Commission may base its determination in this matter shall consist of this Stipulation Agreement, all data requests and responses thereto, and any other material furnished by the Staff to the Commission, either orally or in writing, at the time of the Commission's consideration of these proceedings.
2.     It is agreed that this Stipulation Agreement shall not be considered legal precedent, nor shall it preclude a party from raising issues addressed herein in any other Commission proceeding or investigation.
3.     As a result of this Stipulation of Step One of the proceeding, the new annual revenue requirement for the Freeport Division shall be \$584,995. This represents a \$40,000 (or a 7.34%) increase over the 2002 adjusted test-year revenue of \$544,995. [Or, in the format often requested by the Maine PUC, the revenue requirement as set forth in this Stipulation Agreement represents a \$40,552 (or 7.45%) increase over the 2002 unadjusted test year revenue of \$544,443.]
4.     For the purpose of Step One, the rate base allowed for the Freeport Division is \$1,563,032.
5.     For the purposes of this proceeding, the capital structure and cost of capital shall be the same as filed by the Company; and those numbers are based on 12/31/01 actual figures, as presented on Exhibit CMW-18.00.
6.     The stipulated revenue increase reflects an overall anticipated rate case expense of \$3,600, normalized over four years, at the rate of \$900 per year. The size of the rate case expense allowance will be revisited during the Step Two portion of the proceeding.
7.     The stipulated revenue increase reflects a total tank-painting expense of \$132,500, as filed by the Company, but normalized over a period of 19 years.

8. The Freeport Division rate base and revenue allocation factors shown on Exhibit CMW 19.03 shall be readjusted based on final Step Two rate base and revenue figures, as yet undetermined.
9. The stipulated revenue increase reflects consideration of any and all other issues identified in the Company's filing and certain quantifiable adjustments proposed by one or more parties during the process of negotiation and settlement.
10. After both steps of this proceeding are concluded, and when final costs are known, the Company shall submit to the Commission and to Office of Public Advocate a detail of actual rate case expenses associated with this proceeding,
11. The parties agree that this rate increase will be allocated pro rata across all metered and fire protection classes.
12. The Company shall file with this Stipulation compliance tariffs and a billing analysis showing the new rates. It is agreed that the new tariffs shall become effective on the day of the Commission Order approving this stipulation, but no later than June 3, 2003.

It is agreed that this Stipulation Agreement represents the full agreement between the parties hereto and that rejection of any part of this agreement constitutes rejection of the whole.

**CONSUMERS MAINE WATER COMPANY**

*Judy W. Kelley*

DATED: May 28, 2003

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Judy W. Kelley, President

**OFFICE OF THE PUBLIC ADVOCATE**

DATED: May 28, 2003

William C. Black  
Deputy Public Advocate

**TOWN OF FREEPORT & FREEPORT WATER DISTRICT**

DATED: May , 2003

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Patrick J. Scully